

Public Administration Concern for Social Values, Can it Improve Optimal SME Tax Compliance?

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ABSTRACT:

This study aims to examine social-programs that have been carried out by tax administration to make small medium enterprise (SMEs) aware of their tax obligations. The tax office held a social program to increase the capacity of SMEs. It can take different forms, including workshops, entrepreneurship training, seminars and thematic tax classes. Qualitative research methods have been used in this study. The selection of informants was used by purposive sampling, assuming that they understand the problem and respond to the objectives of this study. The results showed that social-programs were not strong enough to encourage SMEs to comply with their tax obligations. The law enforcement and supervision function in the tax office, still plays a major role in improving SME tax compliance. The theoretical implication, human economic behavior can trigger ego attitudes and then spread to other citizens if the government does not develop a government system of reciprocity of kindness and responsibility from citizens to the state. As a practical implication, it is suggested that state revenue agencies increase the network of government cooperation and collective action with the aim of building a national tax culture.

KEYWORD:

public administration; social-program; tax administration; tax culture; SMEs; law enforcement; reciprocity

INTRODUCTION

The OECD (2020) writes that contribution of SMEs to Indonesian economy reaches around 60% of Indonesia's Gross Domestic Product (GDP), but its contribution is only around 0.33% of tax revenue. Realizing that the asymmetry of tax information is one of the factors causing this gap, the Directorate General of Taxes (DGT) designed a "Business Development Services" (BDS) program, to answer the challenge of educating SME on effective tax knowledge and gathering information about them, income, which in turn can increase tax awareness. As a social program, BDS is a strategy of guidance and supervision for SMEs that are carried out by fostering and encouraging their business development in a sustainable manner. The educational strategy aims to increase tax awareness, engagement with tax issues, and compliance while providing information to support SME businesses. Hallberg in the OECD (2020), the definition of 'Business Development Services' includes a variety of small-scale business services performed by individuals, both strategic and operational. Formally DGT in Circular Letter Number 13/2018, the BDS program must be implemented by tax office at least twice a year. This social program is expected that SME can increase awareness of taxation as a form of reciprocity to the government.

The Indonesian government has issued a policy to reduce the Final Tax (Income Tax) rate from 1% to 0.5% for SMEs. The regulation is stated in Government Regulation number 23/2018 concerning income tax on income from businesses received or obtained by taxpayers with certain gross circulation as amended regulation on Government Regulation Number 46/2013, which became effective as of 1 July 2018. Law 23/2018 basically regulates the imposition of Final Income Tax for

taxpayers with a gross turnover of up to 4.8 billion Rupiah which in the context of this study is classified as the SMEs. The enactment of this new rule is intended to provide convenience and simplicity for SMEs in carrying out their tax obligations. With the implementation of this new rate, the tax burden paid by SMEs will be smaller, so that they have a greater economic capacity to develop their businesses and make investments which in turn will increase their voluntary tax compliance. Logically, the smaller the tariff, the more compliant. In fact, SME also often responds apathetically and less sympathetically to government programs (Putri & Satyawan, 2016). From the context of tax affairs, they tend to run away from the obligation to register themselves voluntarily or intentionally do not meet the persuasion of the tax office. From the Indonesian government's perspective, the tax rate on SMEs is quite low. Those who have total operating income of not more than 4.8 billion Rupiah in a year are only subject to a final income tax rate of 0.5%. The purpose of that is to reduce SME taxes as well as increasing their economic viability. Tariff simplification is expected to encourage them to be more compliant like other taxpayers with different and higher tax rates.

The ease of tax reporting treatment, the way to pay taxes through various state revenue channels and the low 0.5% tariff that has been given to SMEs actually brings contradicting results with the government's expectations. Their compliance tends to decrease from year to year (Sari & Maradona, 2020; Suci et al, 2019). DGT has carried out various education programs and socialization for SMEs. Socialization is carried out by inviting SMEs to come to the tax office to raise the degree of tax awareness and encourage volunteers to have a TIN. Socialization in various media, both social media and web-site-based, television and radio has been widely carried out. Alas, their awareness of their own tax obligations is still really low and it can even be said that they have not provided reciprocal changes to become citizens who are committed to what DGT has provided.

The self-assessment regime relies heavily on voluntary SME awareness. The behavior of deliberately not registering as taxpayers will sooner or later become a low tax culture if there is no firm intervention from DGT. This unexpected culture was proven when they purposely did not attend the socialization invitation made by DGT. Furthermore, the character of SME is generally classified as an underground economy, making it difficult for DGT to find their existence. Almost all of the players in the underground economy operate on a cash basis and are not recorded in the inter-institutional financial system. The large number of SMEs also creates an imbalance between the cost of collecting taxes and their actual payment due to their very low rates. This situation is a dilemma for DGT. So DGT needs to find a rational way to feed something to SME so that they are interested in coming to the tax socialization events. BDS as a means of tax socialization, from the explanation above, this research is to answer these questions: 1) How DGT encourages SMEs to be interested in attending tax socializations? 2) Does BDS as a modified tax socialization have an impact on SMEs in terms of their voluntary tax compliance?

LITERATURE REVIEW

Nature of Tax and Social Value

The tendency of taxpayers looking for opportunities to avoid taxes is because of the nature of taxes itself, which is an obligation. There is always a rational motive to avoid being in line with the supervision model as an important aspect of the tax administration. The tax administration must also ensure that every violator will be penalized fairly, and the tax law is enacted equally to all layers of the society. Tax compliance as a key aspect of social behavior will be influenced by deviant motivation which will cause unexpected effects. In achieving the expected social values, the social behavior of citizens should not be ignored by the government (Buurma, 2001).

In achieving the expected social values, the social behaviours of the citizens should not be ignored by the government. They need to be facilitated in various arenas that send signals on legal issues that must be obeyed, including government's assistance to increase citizen's interaction with policy programs. All programs carried out by the government aim to make policy products acceptable and followed by citizens. Products are exchanged for reciprocal value in the form of legal compliance or conditions according to government directions. Government policies can be designed to change the setting of citizens' social behavior through mixed instruments that have an effect on broad reciprocal social change. Buurma (2001) gives the view that a law without benefiting target groups will only work if it is enforced with intensive supervision, and is therefore expensive and with heavy sanctions. Compliance costs occurs to both the government and the citizens. The existence of a reasonable balance of what is being sacrificed to comply with what are the benefits needs attention in the principles of

public policy marketing exchange (Mols and Jetten, 2017). The government needs to increase the promotion of policy products that ensure a sensitive balance between public interest and social effects in the form of compliance and further exploring the personal needs of its citizens. In general, SMEs fall into the un-derground economy category and are increasingly difficult to tax because transactions are difficult to trace (cash basis) and tax administration needs careful consideration of the cost of monitoring (Bird, 2007).

Public Administration Limitation and Managing Behavior Economic

From a microeconomic point of view, every human being is often influenced by the encouragement of economic behavior. The reference of economic value moves every human being to choose what is most considered to provide the benefits of living well-being. Kahneman in Goodwin et al (2019) is also known as framing, which is often applied to change the way people choose specific decisions through various options affecting their behavior. In normative behavior economics describes how the public sector should behave. Based on libertarian paternalism, governments can use the idea of nudging people in a better direction without coercing them. The choices can be guided from the government in a way to give the impression of choosing what's best for themselves. Masao (2017) argues that government action should also promote ethical virtue to be an important part of policy to increase happiness in society. Incorporating virtuous ethics into action is the same as educating the public and promoting virtuous behavior through public policy. Jackson (2013) event marketing is also a tool used by marketers including government agencies for how they can reach their target audience, promote policy products, and enhance their brand. Tactics related to value with non-monetary incentives initiated by Kotler (2007), the public sector can increase the perceived value of the behavior of citizens desired by law. This tactic is able to deceive the attention and response of citizens from the existing options to become more hooked on what is provided by the government. Taxpayers' satisfaction with the services provided by the tax authority will boosts compliance to the tax regulations (Vigoda-Gadot 2007).

Nerre (2002) highlights a tax mentality consisting of two components of tax morale and tax discipline covering all attitudes as well as all patterns of behavior held by tax-paying citizens and their countries. The term moral tax is used to signal the spirit of the willingness to pay taxes, an obligation as self or community to the state which ends at the level of tax discipline. The tax culture in each country is built uniquely from all relationships between formal and informal institutions including citizens with the tax system and how the interaction process is embedded throughout their lives through their experiences. If the mindset of citizen has a clear understanding of using democratic rights equivalent to being obliged to obey the consequences in the financing of public goods, changes in tax codes such as tariffs, expansion of the tax base or sanctions will be responded normally. The reciprocal process is smooth because there is a spirit of commitment of loyalty between citizens and their country. The concept of reciprocity is very broad, in this study we take an approach to the elements of sympathy and gratitude (Schweinfurth and Call 2019) that are expected to emerge from SME trigger by the generosity (social program) of the government.

Snively (1991) governments have limited control over policy objectives and target groups, regulating behaviour that enforces compliance and ensuring enforcement of penalties for the non-comply groups are main duties of a government. Citizens' payments in taxes or services from the government are generally not directly related to what they receive. The tax administration will calculate the costs from its annual budget to facilitate taxpayers juxtaposed with the national aggregate target. Facilitation of assistance to taxpayers is calculated as a social price but cannot be separated from the rational monetary unit of potential future tax payments. As with the private sector, careless marketing costs will bankrupt companies. Although the public sector does not use the term profit, the government follows the law of accountability to manage taxpayers within the framework of national income. Marketing means of transforming social prices is applied proportionally to taxpayers based on the predicted contribution of their respective taxes.

Salawu (2008) socialization must be based on the principle of the importance of individual development in the journey of increasing the capacity of citizens. Therefore, the philosophy of socialization is working with the community to help them increase their dignity as human beings (helping people to help themselves). So, starting from this, the concept of helping the community to help themselves must be understood, a commitment that places both parties in an equal position between the government and citizens. The concept of public administration behavior, a country with a tax administration organization characterized by specialization (Simon, 2016). The various tasks they have to complete are passed down hierarchically following the organization's standard mission operational procedures. The limitations of specific options and functions are coordinated by the authorities under the strict rule of law. Capability is very dependent on the training they have

received, especially technical assignments under the authority of their institution. Incorporating the value of the public interest with multiple goals sometimes has to be done, especially those that are not their expertise tend to be less focused.

RESEARCH METHODS

The research was conducted on the Pondok Aren Tax Office which is located in the South Tangerang area of Banten Province of Indonesia. This study has used an ethno-graphic qualitative study approach to describe in-depth from an insider's perspective, namely tax agents and SMEs as the target group. To understand the way of life from the native point of view, the tax agency and SME being the key actor. What they have done is the important material that is being explored, including the characteristics of the motivation whose phase is limited by the place and time of the tax socialization events Tax socialization is not a new culture in the state revenue administration system, so focused ethnography, which is a modern or contemporary form of ethnography introduced by Knoblauch (2005), is being applied into this study. The qualitative analysis model still uses the Spradley model because first, it is considered the most comprehensive analysis model in the interpretation process so that it has a richer and deeper exploration of the meanings, the context is denser and more authentic (naturalistic) about the collection of ideas that are being used as the guidelines for the tax offices in carrying out tax socialization. Second, the Spradley's model is open to various differences in social situations, flexible enough to adapt to the various conditions in the field of observation. Observations are based on focused exploration during intermittent visits within a particular time frame (Andreassen et al, 2019). The focus of ethnographic notes is limited to tax socialization containing BDS as discrete sequences of interactional work that are manifested from the interaction between two actors based on normative letters from the Director General of DGT number 13/2018. In this study, primary data collection from observations and interviews has been documented in media field notes, sound recordings, pictures and videos as long as informants are willing to do so. Meanwhile, if they objected, the researcher had to listen to it, and write down after interview session was over in field notes. Researchers have conducted face-to-face interviews with recording devices and writing instruments, reconfirmation of the findings has been carried out through information technology (email, google form and Whatsapp) or internet-mediated interviews (Saunders et al, 2019).

Total of 18 informants, consist from six state-actor (DGT) and twelve as lay-actor (beneficiary) from SMEs were interviewed. Data collection was carried out from April to December 2019. Key events have been successfully recorded in this study including various forms of tax socialization at the Pondok Aren Tax Office aimed at increasing the tax awareness and compliance rate of the SMEs. This non-participant research has been useful to prevent bias, researchers can concentrate on increasing the sensitivity of the tax office with the SMEs that are interacting. The researcher is not in a position to judge according to his own feelings. Researchers have also visited SMEs business locations to determine changes in skills improvement, knowledge and changes in tax compliance attitudes after participating in BDS tax socialization. To determine the impact of changes in SME tax compliance behavior, researchers have observed the attitudes of SMEs and compares them with secondary data from the tax office.

RESULTS AND DISCUSSION

Based on the composition of tax payments from 2015 to 2019 at Pondok Aren Tax Office, the largest contribution came from the corporate taxpayer group. The highest percentage in 2018 was 89.74% of the total revenue realization, while the lowest was in 2016 at 77.58%. Although the corporate taxpayer registered is only 5% of the total number of taxpayers (15.350 tax-payer), it appears that on average for five years, corporate taxpayer contributes 86.41% to the Pondok Aren's tax revenues. The smallest contribution came from the SMEs, aver-aging at only 2.63% annually. The highest percentage for non-SMEs individual taxpayers occurred in 2016 at 4.52% but since 2017 it has never reached the range of more than 3% YoY (Year-on-Year). The Circular of the Director General of Taxes SE-13/PJ/2018 (hereafter abbreviated as SE-13) becomes the legal basis for tax office covering the planning and implementation stages of SME training. Only a part of it is allowed to participate in the limited community at the planning and implementation stages. The law has given confidence to tax office as a facilitator and to maintain accountability agenda. Tax office as the organizer, they can ensure the span of their power in the form of choosing other parties to be involved. Tax office as the person in charge, is obliged to arrange for all member of staff, both written and unwritten, including the external parties involved to comply with the applicable regulations (SE-13). Without a legal basis, community involvement has the potential to create an ambiguous role, triggering conflict between parties and difficulty arranging responsibilities. In SE-13 regulation only outlines the needs of SME, which furthermore

remains the need for active KPP to articulate by exploring and contacting to local community to convey their needs. Tax office implements strategic decisions to encourage local communities to actively help SMEs. The approach to professionals and local communities has been resolved conservatively by the tax office. They described the goals and objectives of the SME training. Goal makes it easy for parties to take roles according to their abilities, their resources complement one another. This encouragement of participation from the top down (invitation or solicitation from the government), although not an obligation. The local community voluntarily wants to help the tax office because of social ties, neighborhoods, economic fortunes, and solidarity with others. Social bonds recognized by those who live side by side on a daily basis know each other as old friends. Houses that are close to each other in areas that are not far away have more physical interactions between them. Communities, which generally also work in the informal sector, further explain the similarities of their economic fate. When the tax office invited to talk about ideas for improving the lives of SMEs, natural solidarity emerged from them. Professionals have knowledge and experience that the tax office cannot provide. Invitation from the tax office to train SMEs with payments stipulated by law. Even though it is not as big as when it is held in a business environment, their willingness still has a social life for SME.

Efforts to increase the tax awareness of SMEs have been carried out continuously. One of them is tax socialization which is combined inclusively with SMEs business development services. A letter from the DGT number 13/2018 has become a road map for resilient operation to make it easier for the tax office to adjust the conditions in conjunction with the SMEs' needs. SMEs, according to the results of interviews and data processing from tax office officials, "they tend to avoid interacting with tax matters". Tax socialization invitation letters are often ignored. "There was a shocking and sad event for us. The tariff has been low (lowered), the way to calculate and file the tax report is very easy, why are they still not compliant?". The classic form of tax socialization contains rights and obligations including sanctions, instead of being obedient, it actually keeps SMEs away from KPP. "One day we invited 100 persons of SMEs, but not more than 30 persons shows up. One by one they left the event before the tax socialization event was over. There is a concern from us, the budget has been prepared for this but has not succeeded in making them comfortable with the tax office. The tax office is also unable to collect optimal data from the SME".

DGT started looking for ideas, what content would grab the attention of the SMEs. SMEs have limitations in accessing business development training such as the knowl-edges about bank loans, marketing to bookkeeping. DGT believes, it is necessary pro-vide many kind of training arena which becoming a magnet for the SMEs. The combi-nation of what SME will achieve is pursued in accordance with the objectives of the tax office to be brought together in this new style of tax socialization. Professionals who match the theme of SME needs have been invited to be the main speakers at the tax socialization event. The event platform is used as a seminar, training or bazaar. All of them aim to bring SMEs to their senses, through events like this the social values and norms of citizenship are instilled.

Table 1 shows the various platforms of events being enjoyed by the SMEs, such as training containing lessons to improve the quality of their income earning capacities. The bazaar was held to facilitate them to promote products to taxpayers who are reporting tax documents to the tax office. The bazaar is located outside the tax office so other buyers can share what they have to offer at the booth. The difference is that the bazaar participants (SME) are required to pay taxes in the previous three months.

Table 1. Tax Socialization with BDS Theme has been implemented During Year 2018-2019.

Platform of Event	BDS Theme
Seminar	Online Marketing
	Optimization of Facebook and Instagram to increase Business
	Business Development & Business Road Map
	How to joint in Marketplace
	Cashier Application & Financing Solution
	Accounting Application for SMEs
Training	Cooking Class
Bazar	Bazar for SME

Source: Pondok Aren Tax Office

The Pondok Aren Tax Office knows that there is an opportunity from the lack of access that SMEs have to train themselves to develop. This is because their economic inability to afford the trainings from the private sector. Apart from access to training, SMEs are also limited in having a place to market their products. Both of these things are facilitated by the tax office so that the spirit of gratitude to the state appears as a reciprocal value. SMEs are expected to understand that the state budget derived from taxes will also return to them in the form of business development services. The value of social justice is introduced, not only enjoying the tax money, but also motivated to pay their taxes. In the other hand, the cost-efficient side of seeking SMEs is accomplished. Every SMEs attending the event must submit a copy of their identity and then use the tax office to issue a Taxpayer Identification Number (TIN). The following snippets of interviews with SMEs' responses to tax socialization are presented below.

I came to this event, because there was free training that I needed. I have been an SME for more than five years. The tax office has asked me by mail to have a TIN after this. The tax office facilitated a bazaar for us. One of the term and conditions to joint the event is that I must have a TIN and show a tax payment slip for several months. I just realized, I need what the tax office provides. Limited economic capacity and access to capacity building were my main motivation for coming to the tax office.

First of all, the tax office's concern is to ensure that SMEs come to this event. The name of tax socialization was changed to, for example, seminars or training to increase turnover (same as gimmick). Tax office administration costs looking for new taxpayers can be reduced. When SMEs come here, the tax office gets data such as resident identification numbers, their addresses, up unto the types of their businesses. This database grows easier without the hard work of the tax office. The collected database is processed for issuance of TIN. Second, the office wants to brighten the mindset of SMEs, we also pay attention to their business life which of course will reciprocate in tax compliance. The tax office hopes that the social value instilled in SMEs will result in voluntary tax compliance which will later lead to tax payments. The main explanation from the tax office in the interview:

The main task of our institution is in the aspect of taxation, we do not have expert resources in the field of entrepreneurship. We are only limited to facilitating their needs. Furthermore, it will depend on the SME self to commit use it. We cannot possibly accompany them, according to the rules like that. We hope there will be reciprocity from citizens of tax loyalty to the state.

However, in fact, despite the government's attention to seed training facilities, has not yet achieved the harvest as planned. The investment of virtuous value from the tax office has not been met with adequate commitment by tax-obedient SMEs voluntarily from within themselves. Tax office active role is still dominant. They really depend on the existence of an official letter containing the obligation to have a TIN. It is different if it does not come from an SME, taxpayers will consider the data network from the place of work, participating in an auction, becoming a government partner or other official channels. If their transactions are recorded at the intermediary party, it will be more difficult for SMEs to avoid taxes in the end they need a TIN. So far, this condition has not happened yet. We can only promote awareness according to the self-assessment tax system. The low tax rate makes us count more rationally to execute existing audit resources. SMEs have almost made transactions with end users of goods and services. End users do not need official documents such as tax invoices or withholding tax receipts. The character of this transaction causes no data to flow into the financial statements of the transaction pair. For example, the counterparty is a corporate taxpayer who requests an e-tax invoice from the SME, then the data has the opportunity to be recorded in the tax administration data system. Transaction track records make it easier for the tax office to trace the potential SMEs.

Bovaird (2015) socio-demographic conditions such as the types of work/business, as well as the place of business, contribute to the attitude of citizens when interacting with the government. The level of education and the life experiences are certain stocks of knowledge that are of concern to the establishment of good communication between government and society. Sjoberg et al (2017) emphasizes the initial motivation that is in the hands of the bureaucratic executor in responding to the needs of the community, then how to involve them in the government's agenda. Bureaucratic motivation follows limits set by regulations, procedures and minimum standards of resources to be provided. Jo and Nabatchi (2016) see the similarity in ways of life and the guidelines (social capital) used by local communities need to get the government to make it easier to explore people's moods.

The necessity of simplification has been carried out on an ongoing basis to prevent complexities in the tax law from having a negative impact on the tax compliance rate, but also the law must be applied consistently. The government must

prevent incidents, taxpayers believe if that non-compliance is widespread and socially acceptable behavior, so these taxpayers will likely not comply (Kirchler, 2007). As mental building blocks, knowledge of distribution justice (Braithwaite, Valerie, 2016), state budget information, flow of tax payments from citizens, distribution of funds to central and regional governments in the form of national development have been conveyed to SME. The tax office has made every effort to provide wide-reaching opportunities to a number of SMEs in proportion to their needs. Efforts have been made for SME to improve the quality of their livelihoods. The mission of civic virtue education is instilled in conjunction with the encouragement of economic independence. The delivery process and the knowledge and training materials provided contains elements of character-building performance and entrepreneurial morale (Alford and Yates, 2016; Seider, 2013). As an effort to develop the capacity of SMEs, it is a public service (public goods / services) as a symbol of the income from tax money going back to them with the quantity and quality of services that will be influenced by the tax compliance of its citizens. Tax money is rolled back for the benefit of residents to inspire the spirit of loyalty and tax compliance. Budget limitations cannot be avoided, but citizens must be aware that the implementation shows that the government's tax socialization is being serious and is trying their best to be as fair as possible to the SMEs. This message is conveyed so that SMEs do not feel as if they are limited to the subject of tax enforcement but also as the subject of entrepreneurial beneficiaries (poverty alleviation).

Tax socialization is a part of knowledge development used to encourage tax compliance behavior on strategies and service-side interventions that have an impact on drivers and thus SMEs behavior. Other than that knowledge of the more general social norms of loyal citizens about human behavior and the principle of persuasion can be of a great help in improving the effectiveness of tax office communications (Cialdini, 1989). Obedience norms will be effectively attached to a person when he sees someone else who is an example, so that they can be imitated by him (patronage/role model). Society tends to be interdependent, when a disobedient person is seen by others but the enforcement of sanctions does not occur, then they will tend to behave the same way and believes that disobeying tax laws does not brings any dire consequences.

The tax office has indirectly influenced taxpayer compliance behavior for tax matters. Through direct interventions targeting SMEs by changing the context in which taxpayers thinks about their business capacities. This has been able to change the context by changing the way they interact or by influencing it through a new model of tax socialization. The government is investing in enhanced relationships with the SMEs. SMEs are being considered to be a community group that needs assistance in building its own capacity. From the macroeconomic lens in aggregate they have the same responsibilities as other citizens of a country that must commit to their tax obligations. Character has yet to emerge, prompting the government to pay more attention to small and comfortable tax rates. Even though there was a mass campaign and tax socialization, they still had no intention of changing their behaviors. The costs disbursed by the tax administration to seek, audit and collect taxes are clearly not comparable if it is still being done conventionally, such as the treatment for non-SME taxpayers. Using fishing material according to their needs by considering economic behavior combined with social taxation norms has been carried out by the Pondok Aren Tax Office. The result was that SMEs came and were curious, especially since this free training was beneficial for them to increase their income.

The tax office policy model has used the event marketing pattern to seek and anesthetize for national tax purposes. From a public administration perspective, business development material that has been juxtaposed with tax socialization is a gimmick with a good purpose. Without a gimmick, it will be difficult to attract the attention of SMEs. Delivering this content also has the consequence that SMEs only follow suit only if there is something that benefits their version of their needs. When the tax office no longer has this event, they will disappear again.

Instead of having obtained the database for the purpose of issuing TINs, the issue of continued assertive and consistent oversight of SMEs also hinders tax administration. Rationally enough it is impossible to enforce the law to all SMEs, the obvious limitation of the difficulty of calculating their turnover (no bookkeeping and no detected transactions in the institutionalized financial and tax system). The result is certain to be quite small, far below the cost of taxation. Tax compliance is influenced by external factors, if the taxpayer sees that the surrounding environment is not being sanctioned, they do not feel the need to comply (Braithwaite, 2016; Kirchler, 2017; Yunus et al, 2017). Investigating taxpayer compliance behavior is not just about non-compliance. Simplification of rules and low tariffs do not guarantee that SMEs increase compliance by themselves. This is evident primarily about understanding compliant behavior and how it is guided by government. Promoting compliance also requires an understanding of the resource rationale and priority objectives of public administration. The role of tax intermediaries and other third parties, they are part of the factors that influence the behaviors of taxpayers. Tax offices need to work with other parties in order to influence their behavior effectively.

Bureaucracy is limited by actual technical knowledge about the policy intentions in which they work. The division of internal lines also seems to cross agencies into a number of separate organizations looking at the focus on a particular policy, as well as the specific achievements of that policy (Peters, 2015). The impact of policy often creates a waste effect of unexpected situations (Anderson, 2013), the tax office also does not have control over the behavior of the SMEs' follow up decisions of whether it is useful or not for them to earn more income and then pay their taxes. To separate the SME groups that tend not to change according to the adherence group target, Jun (2006) suggests that an exclusion strategy needs to be applied. SMEs have the right to choose their economic livelihoods so that they can use the access to the educations being provided by the tax office. However, the tax office also has the authority to regulate other SMEs that are more in need and intend to increase the degree of economic welfare to be prioritized (Dye, 2013). The social value of equitable access to education will be effective if it is followed by the classification of SME groups based on needs through more detailed mapping activities. This implementation can be done by the tax office by asking what commitments will be given and why there has not been any change to them as an element of civic responsibility (Newstrom, 2007).

Apart from the limited aspects of tax administration, SMEs tend to have low awareness of civic duties. The impression that SMES is sceptic of government programs cannot possibly be handled by the tax office alone. If the way of thinking of SMEs have not changed, the substance will further erode the tax morale and the tax discipline. This issue must start to get the attention of the national government to become a complete cultural change of obeying the law as a general characteristic, it also needs the collaboration between public and private institutions.

CONCLUSION

The tax office has added business development and tax materials in the new tax socialization. This tax socialization program changed the title of the event to attract SMEs. This strategy has successfully motivated SMEs to come and voluntarily provide ID numbers that the tax office will use to expand their future tax base. However, the noble intention of the government has not been able to improve the morale and tax compliance of SMEs. The government hopes that there will be a reciprocal attitude from the SMEs to voluntarily obey the tax law as a good citizen, this condition has not yet happened. In fact, the tax office still has to actively send official reminder letters to SMEs to register TIN. The findings prove that the voluntary tax compliance which originates from the SMEs without any government interventions is still particularly difficult to achieve even after the social value approach is given through the new tax socialization models to them. Tax office is required to improve its skills in implementing firmly and consistently according to tax regulations so that it has an impact on the formal and material compliance of the SMEs.

The theoretical implications of human economic behavior are successful in pushing SMEs come out from their concealment to meet the tax authorities. Good determination and commitment must be monitored properly by the government, considering that there are still many of them out there, those who are in need of the government's help. Specific official rules need to be made to prevent the moral degradation of citizens' good conducts. The practical implications, tax administration as part of public administration needs to immediately arrange cooperation between networks of government agencies. The tax office does not have the ability to monitor SMEs in terms of business development and transactions data. Collaboration in fostering SMEs is needed to highlight more on the of the available resources in accordance with the tax objectives. SMEs are starting to be encouraged to use e-commerce, digital or marketplace transactions. Although not entirely possible, at least efforts towards leveraging the big data economy for increasing tax compliance are more measured adequately.

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